

Message Text

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TAGS: EIND EWWT FR

SUBJECT: FRENCH SECTORAL PLAN FOR SHIPBUILDING INDUSTRY

1. THE LATEST OF A SERIES OF SECTORAL PLANS TO BE APPROVED BY THE FRENCH GOVERNMENT UNDER THE GENERAL AEGIS OF THE SEVENTH FIVE YEAR PLAN (1976-80) COVERS THE SHIPBUILDING INDUSTRY, WHICH EMPLOYS 30,000 WORKERS, PRODUCED 1,544,000 GRT IN 1976, AND IS NOW IN DEEP TROUBLE DUE TO COMPETITION FROM MORE EFFICIENT PRODUCERS, CHIEFLY THE JAPANESE. SIMPLY STATED, THE PLAN CALLS FOR THE GOVERNMENT TO SUBSIDIZE THE SHIPBUILDING INDUSTRY WITH UP TO ONE BILLION FRANCS (ROUGHLY \$200 MILLION) OVER THE NEXT FIVE YEARS IN RETURN FOR AN AGREEMENT AMONG THE VARIOUS COMPANIES (ALL NOW IN THE PRIVATE SECTOR) TO REGROUP THEMSELVES AROUND TWO RELATIVELY POWERFUL "POLES"--ALSTHOM ATLANTIQUE (AN AFFILIATE OF COMPAGNIE GENERALE DE L'ELECTRICITE) AND CHANTIER DE FRANCE DUNKERQUE (EMPAIN SCHNEIDER GROUP). THIS RESTRUCTURING, WITH UNCLASSIFIED

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RESULTING ECONOMIES OF SCALE, SPECIALIZATION BY TYPE OF SHIP, AND TRIMMING OF THE LABOR FORCE, IS CALCULATED TO RESTORE THE INDUSTRY TO AN INTERNATIONALLY COMPETITIVE POSITION BY 1980.

2. COMMENT: GIVEN THE SUBSTANTIAL FINANCIAL ENDUCEMENT OFFERED TO AN INDUSTRY WITH VIRTUALLY EMPTY EXPORT ORDER

BOOKS, THE GOF IS LIKELY TO GET MOST OF WHAT IT WANTS IN TERMS OF RESTRUCTURING. INDEED AN AGREEMENT IN PRINCIPLE HAS ALREADY REPORTEDLY BEEN REACHED AMONG THE ADHERENTS TO THE ALSTHOM ATLANTIQUE POLE. UNLIKE SOME OF THE OTHER INDUSTRIES THE GOF HAS SOUGHT TO RESTRUCTURE (E.G. ELECTRONICS, MACHINE TOOLS, WATCHES) THIS IS ONE INDUSTRY WHICH MUST "HANG TOGETHER OR HANG SEPARATELY". THE SHIPBUILDING INDUSTRY PER SE IS NOT SPECIFICALLY IDENTIFIED AS A TARGET FOR NATIONALIZATION IN THE EVENT OF A LEFT VICTORY IN NEXT YEAR'S PARLIAMENTARY ELECTIONS (THOUGH THE CGE AND SCHNEIDER GROUPS ARE) BUT AFTER THIS SECTORAL PLAN IS APPLIED IT COULD WELL QUALIFY UNDER THE CRITERIA OF THE LEFT'S COMMON PROGRAM (PARIS A-184-77) AS AN INDUSTRY "LIVING ON PUBLIC FUNDS"; "REDUCING COMPETITION TO A FEW GIANT FIRMS", AND "ESSENTIAL TO THE DEVELOPMENT OF THE NATIONAL ECONOMY". THUS, WHOEVER RUNS FRANCE IN THE YEARS AHEAD, SHIPBUILDING WILL HAVE MOVED ONE STEP CLOSER TO THE PUBLIC SECTOR.
HARTMAN

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